

Overview of the market:

According to recent research conducted by RosBusinessConsulting, the Russian market for safety and security systems is rapidly developing. Depending on the particular sub-sector, growth rates are between 10 and 35%. Currently, the market size is estimated at \$800 million. It is forecasted that the market for security and safety systems will continue to grow by 15-17% annually, and will reach \$1 billion in 2006, and \$1.6 billion by the end of 2008. In 2004, the safety and security industry was responsible for 0.14% of Russia's GNP.

The access control systems market is a sub-sector within the larger security equipment market and consists of both mechanical and electric/electronic access control systems. It is one of the most rapidly growing sub sectors of the safety and security market in Russia. In 2004, access control systems represented 15% of the total market for safety and security systems. The market for access control systems is expected to increase by 30% annually. The most prospective products within access control systems are those based on biometric and Smart identification technologies.

Electric/electronic access control systems:

Currently, the Russian market for electric/electronic security equipment is predominately represented by domestically developed systems (70%). These systems are based on imported, as well as domestically manufactured components. Domestic manufacturers of readers are: Parsec, Perco, Bolid, and Eliks. Controllers are produced by Elektra-AC, Eliks, Metacom. Metacom also manufactures Russian analogues for iButtons of Dallas Semiconductor. Chips for contact less identification are manufactured by Angstrom.

Despite higher prices, the market share of foreign equipment is growing. The key US players in the Russian market include: Apollo, Northern Computers, IEI, Pegasus, HID, INDALA, Texas Instruments, Identix, Farpointe Data, and Recognition Systems. US companies are leading in the segment of identifiers and readers. Considering the limited ability of Russian competitors to satisfy this niche, US companies have very good prospects here. Another hot product in Russia is iButtons manufactured by Dallas Semiconductors. iButtons are widely used for access control at residential/commercial buildings in Russia. There are almost no manufacturers of identifiers in Russia. The majority of plastic cards are also manufactured abroad. Third countries imports include products manufactured by Dutch NEDAP, Swedish TagMaster, and Canadian Bioscrypt.

Mechanical access control systems:

Mechanical access control systems includes electronic, electromechanical and magnetic locks, other types of locks, gate opening systems, bars, gates, doors, and turnstiles. The largest market share in this segment belongs to Italian companies, such as Gunnebo Entrance Control SpA, CISA, CAME, ET Security Systems, Genius (Casali), ISEO, and Rolling Center. They take about 30-35 percent of the market. Their products have a reputation of reliability and good design. Other foreign manufacturers include Gianni Industries, Taiwan; Yonin, Taiwan; GUNNEBO Entrance Control, Sweden; and ELKA, Germany.

US manufacturers do not have a large presence in this niche and are represented by Automatic Control Systems and Videx among others. Russian manufacturers are represented by Eleron, Algont, Accord-SB, Aleko, Bastion, Elik, and Perco, which is a largest Russian manufacturer of turnstiles.

End users:

According to www.groteck.ru, consumers of small-size access control systems include small offices, retailers, apartment buildings, schools and educational institutions. Access control systems installed in schools and educational institutions with a limited people flow are mostly provide personal identification and registration by using card readers at entrances and exits. Organizations with heavy people flow usually use card activated tripod turnstiles and video monitoring systems. In both cases proximity cards are used.

Mid-size access control systems are installed in large companies' office buildings, business centers, shopping centers, and supermarkets. The main features of such systems are close integration of access control with intruder alarm system. For the purpose of maximum reliability and compatibility, some users prefer to install access control and security equipment supplied by the same manufacturer. However, quite often, customers install systems from different manufacturers and their compatibility is provided by operating software. Such solutions are considered more flexible, but less reliable. Proximity cards in integrated systems can be used not only for access, but also for activating security systems. Another trend of the medium-size systems consumer market is integration of access control systems with fire-alarm and building control systems for unblocking the evacuation exits in case of emergency situations. Mid-range access control systems may also control employee vehicle traffic in parking lots. Finally, there is a wide range of possibilities to use access control system to control underground parking traffic. Currently, Radio-Frequency Identification (RFID) - the technology of vehicle identification for parking traffic control is not widely used due to owners' reluctance to possess two cards for parking (for themselves and for their cars) or mount additional equipment on the car. Nevertheless, interest and purchase of such systems is increasing despite their high costs.

Large-size access control systems are mostly used by large corporations with subsidiaries in one or several cities, large manufacturing companies, airline and transportation companies with a network of client service and booking offices. One of the market trends is installation of access control system-based integrated security systems that combine different subsystems in unified complex. The central part of such integrated systems is a core software providing all subsystems with logic unification and control. Another trend is use of a network interaction distributed generic architecture in creating integrated security system. Usually, large customers prefer access control systems based on Prox- or Smart-cards plus fingerprint readers. They also require access control equipment with enhanced technical data and design.

Best Prospects:

The demand for integrated security systems including video observation, intruder and fire-alarm system, payment system, document workflow, and availability to control building engineering systems is growing. Customers seek technical solutions providing availability for controllers and interfaces to be connected through LAN,

instead of traditional RS-485 and RS-232 interfaces. In addition to traditional biometric systems offering hand geometry and fingerprint reading technologies, the demand for biometric iris readers is growing. Since, security needs are increasing, the demand for systems providing double technology, such as biometry plus Prox-technology, biometry plus Smart-technology, and mHz and kHz band RFID technologies are also growing.

In addition to general Russian economic trends favoring the security market's development, recently several trends, related to interaction of customers with manufacturers and installers, has appeared in the Russian market. There is an increased demand on modernization and upgrade of existing access control systems initially installed during building construction. Therefore, access control systems provided by manufacturers should be developed for maximum utilization of existing cable routings, channels and racks.

Distribution:

There are over 300 distributing companies working in the Russian security market. About 50 of these are big companies. They are located in Moscow and St. Petersburg (the second largest city in Russia). Such location is not only caused by the concentration of many end-users in these big cities, but primarily by the fact that these cities are customs gateways to the rest of Russia. Hence, the majority of companies with work experience of over 6 years and with highly qualified personnel are located in either St. Petersburg or Moscow.

Certification:

In 1996, Gosstandart of Russia (the major Russian standardization authority) decided to develop a special standard for Access Control Systems. A group of specialists was attracted from such organizations as the Ministry of Internal Affairs, some military laboratories, Gostekhcommissiya, and the Scientific Research Institute of Gosstandart. Some privately owned companies were attracted to develop this standard, those that are members of the technical committee by Gosstandart of Russia. As a result of these joint efforts, a new standard was developed. The name of it is GOST R 51241-98 "Systems and Equipment of Access Control. Classification. General Technical Requirements. Testing methods". This standard was approved by the order of Gosstandart of Russia in 1998, and took effect in 2000.

This standard regulates access control equipment and systems, which are used for regulating people, transportation and other object traffic, within premises, buildings, and outdoor territories. This standard establishes the classification, terminology, and technical requirements, and regulates testing methods and systems.

In addition, in July 2003, the new law on "Technical regulations" was enacted. It foresees two kinds of obligatory confirmation of the compliance of a product's parameters to technical requirements. However, this system is very much undeveloped. The law states that the major principle under the new rules is the conformance of each product to some sort of technical regulation. However, these technical regulations are not developed yet. When it comes to certification, relying on your Russian partner to accomplish this task is recommended.

In connection with Russia's WTO accession, Russian legislation in the field of information security will need to comply with western standards, including acceptance of foreign certificates. This is critical due to the fact that it is now standard practice for foreign vendors to certify their products twice.

Trade shows:

Annual shows in Russia are:

1) **MIPS 2006**, Moscow, April 4-7, 2006. In 2005, more than 250 foreign and Russian companies displayed their products at Entertainment and Sport Complex "Olimpiyski". <http://www.ite-exhibitions.com/sec/mips> or at: www.mips.ru

2) **Forum "Technologii Bezopasnosti"**, Moscow, February 6-9, 2007
In 2006, 535 companies from 20 countries exhibited at 23 000 square meters of exhibition space at Crocus exhibition center. www.tbforum.ru/eng

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